PeopleSoft®

Pricing Policy *for* Products & Support Services

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General Pricing Policy Information

This Pricing Policy for Products and Services sets forth the policies adopted by PeopleSoft, which each employee is expected to follow.

This policy document may change at any time. Each time a revised document is published for PeopleSoft employees, the title page will change to reflect the number and date of the latest revision.

NOTE: **This document is proprietary and confidential and is not to be given, shown, or discussed with any person who is not a current PeopleSoft employee, unless expressly permitted by the Director of Pricing.**

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Product Pricing Policy

General Price Calculator Policies

- Types of Price Calculators. The pricing group owns and maintains the following calculators:
  1) Up Market Price Calculator: used to price all PS and 3rd party licensed products and support services.
  2) Mid-Market Price Calculator: used to price the same for all Mid-Market customers (see section on "Mid-Market" for a definition of this segment)
  3) PeopleSoft Education Price Calculator: used to price all PSE products (EUT, SPWBT, OnDemand Passports)

- **Posting Schedule.**
  Major releases of the PeopleSoft Price Calculators, which may include pricing policy changes, product pricing changes and/or new product offerings, will be posted on a quarterly basis.

  Price calculators are scheduled for posting on the following dates:
  - Q1 2003: 01-17-2003
  - Q2 2003: 04-18-2003
  - Q3 2003: 07-18-2003
  - Q4 2003: 10-18-2003

- **Bug Fixes.** Please report bug fixes to:
  1) Diana Tomonari, (925) 694-5656
  2) Josie Padilla, (925) 694-5018

  Revisions to the Price Calculators will be posted periodically as necessary.

- **Price Quotes.** Price quotes should always be generated by the most current version of the Price Calculator. Price quotes are valid for a period of ninety (90) days after submission to the customer. Exceptions may be made in accordance with the Approval Matrix.

Discounting

- **List Price.**
  List price is the license price for software prior to any discounts (per the Price Calculator)

- **Total Transaction Reduction.**
  The Total Transaction (TTR) applies to both new and add-on sales, and varies according to the total transaction fee of the current deal. The TTR does not carry over to future sales. TTR calculation takes into consideration the products being priced on the global and local product tabs of the Price Calculator. PeopleSoft CIS and 3rd Party products are not eligible for TTR.

- **Relationship Level Reduction.**
  The Relationship Level Reduction (RLR) only applies to add-on license sales and is based on the cumulative net software *license fees* contracted in the 24 months preceding the current deal being priced. Services sales do not count toward the RLR. When pricing for a subsidiary, the parent company's prior license fees do not count toward an RLR if the subsidiary has executed a separate Software License and Services Agreement. If a preexisting SLSA is terminated with the signature of a new SLSA, the purchases made in the previous 24 months under the prior SLSA may be counted toward the RLR by using the add-on selection. Extended Enterprise Licenses (EELs) and CRM Conversions should be considered previous license fees when pricing an add-on sale. PeopleSoft CIS and 3rd Party products are not eligible for the RLR, nor are license expansions.

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- **Additional Discounting Options.**
  Account Executives are able to enter an additional fixed discount percentage or fixed contract amount in order to exceed the standard discounts calculated by the Price Calculator. Both of these options may require the appropriate approval(s) as set forth in the Approval Matrix. If the appropriate approvals are not obtained in accordance with current compensation guidelines, compensation may be impacted. 3rd Party products are not eligible for additional discounts.

Divestiture and Downsizing (see Support Services Pricing Policy)

Exchange Rate

The Price Calculator is calibrated in US Dollars; however, the FX Rate cell allows price quotes to be generated in the customer's local country. The FX rate cell must be entered on the Input Summary tab and it will then carry over to the calculations in the other tabs. Pricing in the local currency is an option, but not required. Up-to-date currency exchange rates are available at xe.com and several other Internet sites.

Expansion

Every Enterprise Licensing contract requires an expansion clause which protects PeopleSoft's right to charge incremental license fees as an enterprise grows beyond their original licensed level of use (defined by size metrics). Expansion terms are audited during the annual support re-subscription process and are payable upon achieving a contracted expansion threshold. All licensed PeopleSoft products are subject to the expansion terms. Deviations from the standard expansion rates (table below) must be done in accordance with the Approval Matrix.

The default expansion for Up-Market deals is 10% incremental license fees for 10% incremental growth. The default expansion for NEW Mid-Market deals (see "Mid-Market" section for definition) varies according to customer size as follows:

Revenue (M)	Employee	Expansion	Incremental Fee
1-100	1 to 400	20%	5%
101-500	401 to 2,000	20%	10%

The default expansion for ADD-ON Mid-Market deals also varies according to customer size as follows:

Revenue (M)	Employee	Expansion	Incremental Fee
1-100	1 to 400	20%	5%
101-300	401 to 1,200	20%	10%
301–500	1,201 to 2,000	10%	10%

Existing contract expansion terms supersede these default expansion terms, and any modifications based on these defaults must be done in accordance with the Approval Matrix.

The Support Sales team monitors the customers' contract metrics and collects any expansion fees that are due.

- **Discounts on Expansion Fees.** PeopleSoft does not discount contractual expansion fees. Any deviation from this practice must be in accordance with the Approval Matrix.
- **Rewrites of Existing Expansion Clauses.** PeopleSoft does not re-write or change existing expansion clauses or fee amounts. Any deviation from this practice must be in accordance with the Approval Matrix.
- **Refunds of Expansion Fees.** PeopleSoft does not give refunds on expanded licenses. Once a customer signs an Expansion Certification Form, an invoice is generated and the license revenue is recognized. If a customer requests a refund after the expansion form is signed, they must go through the settlement process.

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- **Prepaid Expansion.** Customers may prepay expansion fees. PeopleSoft will offer a 10% discount on the license fee for prepaying an expansion fee one year in advance. Support Services fees must be charged on all prepaid expansion fees.

Future Products

All new products **confirmed** for release in the current quarter will be added to the calculator. If a product is not GA at the calculator posting date but has been confirmed to be GA by the end of the current quarter, those non-GA products will be added to the calculator with the label: **"if and when available".** Sales management will be responsible for managing revenue recognition issues related to the sale of non-GA products.

Industry Selection

The Industry selection allows the Price Calculator to adjust pricing according to the requirements of a particular industry segment. Select the industry that most accurately describes your customer's business.

Installation

The price for installation varies according to the customer's operating system, database, type and number of products being installed. Pricing for Installation Services cannot be discounted. If pricing is not properly reflected in the license agreement, license fees may be subject to revenue carve-outs. More information about pricing for both Mid-Market and Up-Market installations can be found in Field Connection → Products & Services → Installations, where links are provided to the price calculators for each market or you can also contact Bobbi Jo Walaszek or Crystal Morin for more information.

Limited/Restricted Use Products

Products that are limited or restricted in use do not have an associated license or support services fee.

Mergers & Acquisitions

The following table summarizes policies for deals involving mergers and acquisitions:

Entity Acquiring	Entity being Acquired	Action
Non-PeopleSoft	PeopleSoft	New contract required. Existing PeopleSoft contract voided. No license credit given for existing contract. The PeopleSoft entity's prior license fees may be used for RLR if applicable. Transaction handled by Regional Sales Team. Support Sales must approve termination of maintenance stream.
PeopleSoft	Non-PeopleSoft	No new contract required. Expansion terms from existing PeopleSoft contract remain intact; maintenance calculated on combined metrics/license. License and maintenance transaction handled by Support Sales Team.
PeopleSoft	PeopleSoft	New contract may or may not be required depending on whether products are the same across entities. Expansion terms of the Acquiring entity used for existing products and maintenance calculated on combined metrics. No license credit given for existing contract. Transaction handled by Support Sales Team if there is no new product. Support Sales must approve termination of the existing and the new maintenance terms.

- Deviation from above requires the appropriate approval(s) as set forth in the Approval Matrix.
- Termination or alteration of an existing maintenance stream requires the appropriate approval(s) as set forth in the Approval Matrix.

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Metrics

PeopleSoft's Enterprise licensing requires that we obtain sizing metrics in order to calculate a price that accurately reflects the value of our software to any given customer. We also use these metrics to determine whether a customer is a Mid-Market or an Up-Market customers (see section on "Mid-Market" below for details).

The metrics we use are 1) the licensee's number of employees, 2) the licensee's number of students, and/or 3) the licensee's annual revenue, budget or assets under management. Assets under management are primarily used to price deals with Financial Services customers and are defined as the total of all portfolios invested and managed by a firm on behalf of its customers.

The Price Calculator specifies which metric is required for each product as follows:

Products	Primary Price Metric (exceptions noted in Price Calculator)
HRMS	number of employees
Financials/ESA & Supply Chain Management	revenue, budget, or assets
CRM	revenue, budget, or assets
Student Administration Solutions	Students
Contributor Relations Solutions	Funds raised
EPM	revenue, budget, or assets
PeopleTools, Common Enterprise Software Modules	revenue, budget, or assets

- **Metric Conversions.** When a revenue number is not available, you may manually derive one by multiplying the employee count by $250,000. Metric substitutions, however, are not allowed.

- **Non-Standard Metrics.** If an Account Executive wishes to use a metric other than those described above, he or she must contact Pricing with the suggested substitute metric and justification for its use. A Pricing Analyst will review the request and particulars of the situation and will make a recommendation to the VP of Global Sales Operations, who will then make the final decision. If a metric substitution is made without this approval, the sale will not be eligible for sales compensation.

- **Subsidiary/Division Metrics.** If pricing for a subsidiary or division, the metrics of that subsidiary or division should be used rather than those of the parent company, provided the subsidiary or division is defined in the contract schedule.

- **Future Expansion.** If your customer is anticipating future expansion, you may opt to increase the customer's metrics accordingly, allowing the customer to pay more for the software up front, rather than paying the incremental license fees associated with the anticipated expansion. The metric(s) used for pricing must be the same as the metric(s) specified in the Specified License Use and the Incremental License Fee sections of the contract Schedule.

Mid-Market

A Mid-Market customer is defined as a customer with revenues of up to $500 million and/or 2,000 employees. Pricing for these customers should be determined using the Mid-Market Pricing Calculator. Account ownership will be based on an evaluation of revenues or active employee counts of buying entities to determine if the buying entity is above or below the Mid-Market Line. The Mid-Market Line is determined as follows:

- **Revenue-Based.** Last complete fiscal year reported revenue for the entity that will use and benefit from the use of the Software is less than or equal to $500 million; or

- **Employee Count-Based.** When revenue cannot be found in Onesource, is not a meaningful measure of business activity (in such enterprises as financial services, healthcare, education, and government), or if revenue measurements are not available for the entity, a current active employee count (with no allowance made for full-

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time equivalents) for the entity that will use and benefit from the use of the Software is equal to or less than 2,000 active employees.

The revenue-based metric is meant to be the single determinant of the Mid-Market Line, except as provided above (eg., if an entity in the financial services industry has revenues above $500 million, but the employee count is less than 2,000, then the account would be properly worked by the Mid-Market team in the region). A buying entity that is below the Mid-Market Line, but is a unit of a parent company sized above the Mid-Market Line, still qualifies as a prospect at or below the Mid-Market Line, provided they contract for PeopleSoft software and services independently of the parent company.

- **Mid-Market Solutions.** Mid-Market Solutions consist of bundled PeopleSoft 8 applications and pre-configured implementation offerings. Only Mid-Market customers (see Mid-Market Section below for Mid-Market parameters) are eligible to license these and receive the respective discount. Services pricing listed in the Price Calculator is intended only for informational purposes and must be validated by a CE. Please see the Services Tab of the Price Calculator for specific details.

Named Country Uplift

Many of PeopleSoft's global products contain language translations and/or local functionality for many international countries. Because these localizations significantly increase the value of our software, we license our global products by "Named Country". The use of one Named Country is included in the base product price. Each additional country selected on the Named Country Tab will incur an uplift. Each Named Country selected on the Named Countries Tab of the Price Calculator gives the customer the right to use that language and/or country specific functionality within the stated size of the customer's enterprise. By selecting the "All Countries" checkbox, the pricing would be for the licensing rights to all currently available Named Countries and any Named Country developed in the future. A customer may purchase the right to a Named Country not currently available by purchasing the right to "All Countries"; provided they are current on support, they will receive the functionality and/or translation when it becomes generally available at no additional fee. If they choose not to purchase the right to "All Countries, they may purchase the additional Named Country when the functionality and/or language translation becomes generally available. The Named Countries are listed in the "Global Version" section of the Standard Schedule.

Non-Perpetual Licenses

PeopleSoft does not allow the sale of non-perpetual licenses.

Product Prerequisites

Product requirements are noted on the Price Calculator and in the Contract Schedule, but it is the Account Executive's responsibility to know the product dependencies. Revenue will be deferred for products sold without the corresponding required products and sales compensation will be impacted.

Reassignments

PeopleSoft does not currently charge a fee for the reassignment of a contract from one customer name to another (strictly a name change only). However, reassignments of license agreements are considered an amendment to the existing maintenance terms and must be approved in accordance with the Approval Matrix.

PeopleSoft does not allow reassignments "up" of contracts from subsidiaries to parent companies. The parent company is considered a new entity and is required to purchase a license.

Region Selection

The region selection allows the Price Calculator to adjust pricing according to regional requirements. When pricing for an international customer, select the geographic region in which the customer is located. If the customer is a multi-national corporation, select the location of the company's corporate headquarters.

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Support Services (Maintenance)

Support Services is a required component of all PeopleSoft software sales. The following table lists our current support offerings and their associated annual fees:

Support Services Offering	% of Net Software License Fee
Standard	20%
Premium	Varies according to customer size: 23% declining fee model, floor price of $75,000 (contact tieredsupport@peoplesoft.com for details)
Platinum	Varies according to customer size: 25% declining fee model, floor price of $175,000 (contact tieredsupport@peoplesoft.com for details)
Accelerated Solutions*	20%

**For Mid-Market customers only*

The calculator suggests a Support Services offering based on the software net license fee; however, pricing for Premium and Platinum Support **must be obtained and approved** through tieredsupport@peoplesoft.com.

- **Maintenance Caps.** PeopleSoft's standard maintenance terms require that fees be based on the "Then Current" fee in effect at the time of renewal. However, protective caps on new agreements can be offered at the time of licensing. Please refer to your compensation plan for details on allowable maintenance caps.
- **Minimum Support Services Rate.** The minimum rate for Support Services is 20% of the net software license fee.
- **Prepaid Support.** Please refer to your compensation plan for details on prepaid support.
- **Discounting Support.** Support Services may not be discounted. Discounting support services will result in a carve-out of software license revenue and sales compensation will be impacted.

Any non-standard maintenance terms require the appropriate approval(s) as set forth in the Approval Matrix. More information regarding maintenance can be found in Field Connection → Products & Services → Customer Services → Customer Support Programs.

Then-Current

"Then-Current" refers to the rate or fee in effect on the current date (today).

Third Party Products

Pricing for the Third Party Products we resell is available on the 3rd Party Tab of the Price Calculator. Enterprise Licensing does not apply to Third Party Products, so the entry of metrics will not affect the pricing on this tab. Third Party Products must be sold at the price given in the "PS Price" column of the 3rd Party Tab. Third Party Product license sales count toward sales attainment, and compensation is based on the difference between the license sale price and the royalty amount. The support service fee charged for Third Party Products does not count toward either attainment or compensation.

Training

Training Units must be included in every license sale.

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Support Services Pricing Policy

PeopleSoft Software Support is priced based on the customer's specific contract terms. Typically the contract will specify a capped price, a fixed price or the Then-Current price.

Additional Site Support/Account Executive

Currently there is no additional site support fee for use of the GSC or Customer Care at multiple sites unless a customer's contract explicitly limits them to support from one site. There is an additional fee for multiple Account Executives. This fee depends on the country in which the additional Account Executive is desired. A regional support sales manager should be contacted to determine the additional fee.

CRM Enterprise Licensing Conversion

Support for CRM Enterprise Licensing Conversions is calculated by multiplying the Then-Current support rate by the CRM Enterprise Licensing Conversion fee. This fee is in addition to the support fee the customer pays for their existing products. Termination or alteration of an existing maintenance stream requires the appropriate approval(s) as set forth in the Approval Matrix.

Divestiture and Downsizing

	Expansion	Support Services
Divestiture	Based on customer's new metrics. Amendment to contract required to restrict license	Based on customer's new metrics
Downsizing	Expansion terms remain intact	If customer's support services contract terms state that renewal is based on the Then-Current Support Services fee, support will be calculated based on the customer's licensed size; otherwise, support will be priced according to the terms specified in the customer's contract. PeopleSoft does not automatically reduce support fees if a customer downsizes. If a customer downsizes and requests a reduction in their support fees, this can only be accomplished with approval as set forth in the Approval Matrix. However, the customer must be willing to reduce their licensed level of use to the level at which they would like maintenance to be calculated. The expansion terms would need to be re-written such that the customer would have to license back up to the original level on a 10/10 basis. Moreover, any caps specified in the contract are forfeited, and the new maintenance terms will be written at the Then-Current terms.

- Deviation from above requires the appropriate approval(s) as set forth in the Approval Matrix.
- Termination or alteration of an existing maintenance stream requires the appropriate approval(s) as set forth in the Approval Matrix.

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Dropped Support, Reinstatement and Refunds

Dropped Support

- **Named Countries.** Support for a Named Country cannot be dropped.
- **Users.** CRM customers may not reduce their licensed number of users or drop support on any licensed users.
- **Dropped Products.** Support Services is an annually renewable service offering from PeopleSoft. By general policy, PeopleSoft does not allow customers to drop individually licensed products. A customer can choose to support all or none of the products they have licensed, but by exception, if a customer wishes to drop support for any product(s), they must provide ninety (90) days notice (prior to their renewal date) to the appropriate Support Sales Manager who will formalize the customer's request in a "drop product letter". This letter will include the effective drop date, the product(s) to be dropped and the terms for reinstatement.

  PeopleSoft Support Sales will review customers' requests to drop a product/products and make a determination on an individual basis as to whether the product may or may not be dropped. Provided the Support Sales Manager has allowed a customer to drop a product/products, the support fee for the remaining products will be the lesser of a) the Then-Current support fee for the remaining products, or b) the contractual support price for all licensed products. Any caps specified in the customer's contract will be forfeited upon dropping a product and the support terms will go to Then-Current.

Refunds on Support Dropped Mid-Year

PeopleSoft does not allow customers to drop support outside their renewal date unless explicitly stated in the Agreement. Exceptions to this policy require the approval(s) as set forth in the Approval Matrix. If approval is granted, the process is as follows:

- Review the drop letter effective date. Customer must notify PeopleSoft ninety (90) days prior to dropping a product/products (provided they have the approvals as set forth above).
- Calculate the number of days for the re-bill period, then multiply the original support renewal fees by the prorated period (including 90 day notification):
  *Orig. renewal fee/365 * # re-bill days = Maintenance charge for the prorated period.*

Reinstatement of Support Services

If a customer chooses to reinstate support on a product(s), they are required to pay back-support fees. Back-support is calculated by multiplying the Then-Current support fee for the module(s) to be reinstated by the number of years (prorated) the support was dropped. The Then-Current support services fee will also be charged for subsequent renewals of the reinstated product(s).

eApps ($0 HRMS eApps)

All customers must pay annual support for eApp products per policy terms. $0 license fee HRMS eApp (eRecruit, eCompensation, eProfile, eDevelopment, eBenefits, ePay) amendments are considered separate contract schedules. Thus, eApp Software Support is priced according to the Then-Current Price Calculator (TTR will apply). Support fees for eApps begin the later of September 30, 2002 or the 2002 HRMS renewal date. Customers who licensed an EEL as a separate product will have their eApps support fee reduced by an amount that represents the portion of support for the HRMS self-service transaction functionality. This reduction will be derived in the following manner:

- Price Calculator used to determine the percentage of support on the EEL pertaining to the underlying HRMS modules.
- The appropriate percentage is multiplied by the total EEL support fee.
- 50% of the number derived (which reflects the approximate fee related to self-service functionality) is subtracted from the Then-Current eApps support fee.

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Extended Enterprise License (EEL)

Unless specific support terms for the EEL are specified, the support fee for EELs is calculated by multiplying the Then-Current support percentage by the EEL license fee. Support Services fee will not be charged for $0 EELs.

If the terms in the customer's original schedules (those tied to the EEL) are at Then-Current, PeopleSoft will subtract the EEL support fee from the Then-Current support fee for the underlying modules. Otherwise, support will be charged according to the contract terms. If a support cap is specified in the original schedule, that cap will also be applied to EEL.

Maintenance Billing Policies

Maintenance fees are renewed and billed on an annual basis. Bills can be issued on a quarterly basis, but a 5% additional charge is required to cover the cost of money, as well as additional administrative costs. Deviations from this are subject to the Approval Matrix.

Customers may request to have maintenance renewal dates combined or invoices prorated to align with other renewal invoices. Invoices will not be prorated for less than six months. Deviations from this are subject to the Approval Matrix.

Mergers & Acquisitions (see Product Pricing Policy)

Prepaid Support

Please refer to your compensation plan for details about maintenance caps for those customers prepaying support. No refunds will be issued for prepaid support fees.

Price Caps

If a contract states the Support Services fee will be the lower of a) the Then-Current fee, or b) the last year's fee + allowable annual cap, PeopleSoft will charge the lower of the two amounts. If a contract states the support fees shall not exceed an annual specific cap increase, PeopleSoft will increase the support fee by the allowable cap (without comparison to the Then-Current Support Services fee).

Support on Expansion

Unless the contract terms dictate otherwise, expansion support fees are calculated by multiplying the Then-Current support rate by the total expansion fee. If the underlying schedule has a cap, PeopleSoft will apply the cap (for the duration specified on the schedule) to the support fee for the expanded license. Once the underlying schedule goes to Then-Current, PeopleSoft will combine the two support fees and charge the Then-Current support fee as calculated by the Then-Current Price Calculator. Termination or alteration of an existing maintenance stream requires the appropriate approval(s) as set forth in the Approval Matrix.

Then-Current Support Fee

The Then-Current support fee is defined as the Then-Current Support Services percentage rate multiplied by the Then-Current license fee as calculated by the Then-Current Price Calculator. Termination or alteration of an existing maintenance stream requires the appropriate approval(s) as set forth in the Approval Matrix.

- **Then-Current License Fee.** The Then-Current license fee for Support Services calculation is derived from the PeopleSoft Price Calculator. This fee depends on numerous criteria including the company's size metrics and market segment, the modules being purchased or supported, any Named Country functionality the customer has licensed and the applicable Total Transaction Reduction (TTR). The RLR is not applicable for the calculation of Support Services fees.

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- **Metrics.** Allowable metrics for support calculation are defined in the Product Pricing Policy section above. If a customer's contract requires renewal at the Then-Current Support Services fee, support will be based on the customer's licensed size. Otherwise, support will be priced according to the terms specified in the customer's contract. Unless otherwise stated in the contract, the *total* metrics for the entire licensed enterprise are used to calculate the Support Services fee. When a revenue number is not available, PeopleSoft will derive one by multiplying the employee count by $250,000.

- **Market Segment.** The Customer Group field in PSynergy is used to determine the market segment when calculating support renewal. If it is marked "Mid Market", the licensed level of use is within Mid Market parameters, and the support terms are at "Then Current", then the "Mid-Market" market segment is used to calculate the support renewal fee for "PeopleSoft Select" customers.

- **Named Country Uplifts.** If a customer's contract is identified as "Global Worldwide", but Named Countries are not specified, the intent of the license is determined by a) comparing the license fee paid to the Then-Current license fee, b) identifying language and/or footnotes in the contract indicating whether the contract is for multiple Named Countries or one only (no uplift), c) checking the Contract Products Licensed panel in RVDB for possible specifics, and d) checking the orders placed for, and the shipments made to the customer.

Third Party Product Support

The support fee calculation for a third party product depends on the terms specified in the associated third party reselling agreement. In some cases, PeopleSoft supports the third party product and will therefore include the third party product when calculating the Support Services fee. In other cases, the third party vendor will provide the support directly to the customer. In these cases, PeopleSoft collects the required fee for the first year of support and forwards it to the third party. Support renewals will be handled between the 3rd party and the customer directly.

- **Cognos PowerPlay Flex License.** In 1998, PeopleSoft began including a Cognos PowerPlay Flex License with PeopleTools shipments (one license per customer) for no additional license fee. In August 2000, this practice was discontinued. There is no support fee due for the PowerPlay Flex License.

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